

The economic feasibility of alternatives in the authorisation process

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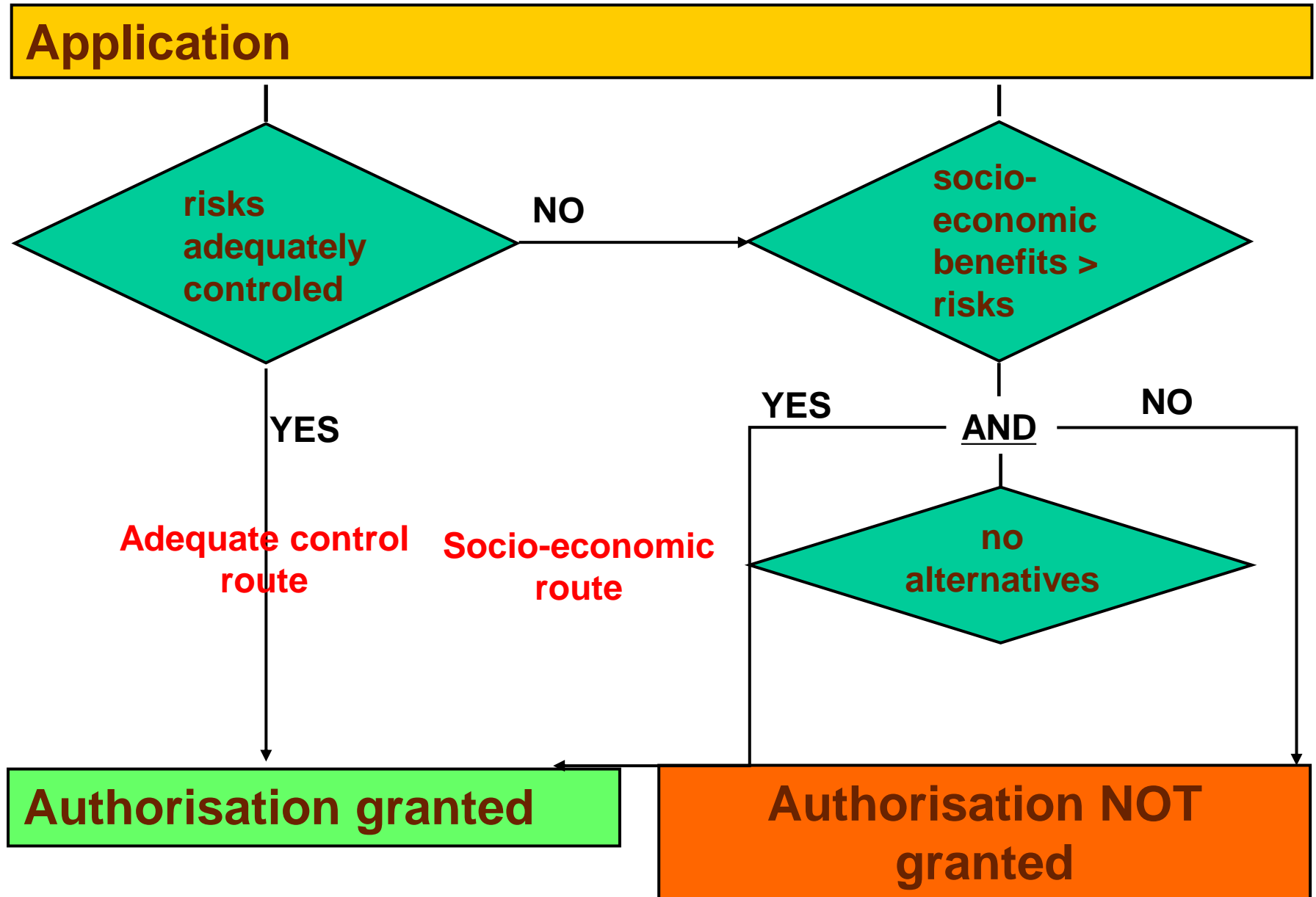
Sixth meeting between NGO representatives and ECHA

Helsinki, 4th February 2015

Aim of authorisation (Art 55):

Goal is to “ensure the good functioning of the internal market while assuring that the risks from substances of very high concern are properly controlled and that these substances are progressively replaced by suitable alternative substances or technologies where these are economically and technically viable”.

Granting authorisations – The 2 routes



Economic feasibility of alternatives ?

Art 60

(5) When assessing whether suitable alternative substances or technologies are available, all relevant aspects shall be taken into account by the Commission, including:

- (a) whether the transfer to alternatives would result in reduced overall risks to human health and the environment, taking into account the appropriateness and effectiveness of risk management measures;
- (b) the technical and economic feasibility of alternatives for the applicant.

Different interpretations of economic feasibility:

REACH does not include any definition of the concept of “economic feasibility” or any indication of how it should be interpreted

ECHA guidance: *One criterion for an alternative to be economically feasible is whether the net present value of the revenues minus costs is positive. In other words, the issue is that using the alternative should result in generating gross profit.*

ECHA secretariat: if alternatives are more expensive to implement, they are not feasible

SEAC opinions: case-by-case assessment

SEAC opinion on

DEHP in PVC articles

Alternative technically available
& lead to overall reduction of risk

Alternative is more expensive to
implement (substitution costs)

Alternative technically and
economically feasible ? **NO**

Applicant not prepared to pay
the increased costs

No suitable alternatives exist
+ benefits > risks

Authorisation (4 years)

HBCDD in FR EPS

Alternative technically available &
lead to overall reduction of risk

Alternative is more expensive to
implement (substitution costs)

Alternative technically and
economically feasible ? **YES**

Applicant prepared to pay the
increased costs

Alternative (temporary) not available
+ benefits > risks

Bridging authorisation (2 years)

Message & points for discussion

We disagree with the views of ECHA secretariat that “All alternatives which lead to an increase in costs for the applicant is to be judged ‘economically infeasible’

This is a wrong approach with the following consequences:

- applicants tend to exaggerate the cost of alternatives* to say that there are no suitable alternatives
- progressive replacement of SVHC with safer alternatives is delayed (higher costs for human health and/or environment)
- It reduces incentive for innovation (market loss for green companies)

(*) see ChemSec “Crying Wolf” [report 2015](#)